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TO RUEHC/SECSTATE WASHDC PRIORITY 8618  
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RUCPDOG/USDOC WASHDC PRIORITY  
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RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY  
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INFO RUEHFK/AMCONSUL FUKUOKA 0829  
RUEHNH/AMCONSUL NAHA 3190  
RUEHNAG/AMCONSUL NAGOYA 8879  
RUEHKSO/AMCONSUL SAPPORO 1401  
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RUCNDT/USMISSION USUN NEW YORK 2449  
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PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR

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SUBJECT: TOKYO MEDIA REACTION - U.S. PRESIDENTIAL  
ELECTION

¶1. LEAD STORIES: Most Friday morning papers led with Toyota Motor's earning forecasts for fiscal 2008, which project a 73.6 percent drop in group operating profits from the previous year.

¶2. "Obama to Face Rough Road Ahead" The liberal Mainichi contends (11/7): "... Sen. Obama will take office amid the U.S.-originated financial crisis, which caused a worldwide economic slowdown... Although an Obama administration will likely place importance on the government's role in the economy, possible public spending without financial backing will only grow fiscal deficits. Deterioration of state finance could further hurt the credibility of the U.S. and trigger the collapse of the dollar. Although Obama hopes to create an American-style welfare state while maintaining the dynamics of the U.S. economy, he will likely face a rough road ahead."

¶3. "Obama to Strengthen Oversight on Banks?" The moderate Yomiuri wrote (11/7): "... President-elect Obama's economic policies show his interest in the concept of a 'big government.' He pointed out the need for strengthened oversight and regulation of financial institutions in view of the lax surveillance system under the Bush administration that allowed banks to conduct profit-first management. Although Obama has yet to present specific plans, he will likely modify the Bush administration's policy of minimizing the government's role in the economy."

¶4. "'Obamanomics' Vulnerable": The conservative Sankei claimed (11/7): "... There is vulnerability in President-elect Obama's economic policy... If the USG

spends more to rescue automakers and implements additional pump-priming measures on top of its pledged public funds injection into financial institutions, its fiscal deficits will certainly grow. That could evoke international distrust of the dollar and prompt capital flight from the U.S. by boosting long-term interest rates."

SCHIEFFER